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Legislative Update 2010



Iowa Department of Human Services

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DHS Director's Column: "End of Session Summary and What's Next"

I have said since my appointment as Director that DHS is the difference in the lives of many of our most vulnerable Iowans. During these times of increasing economic hardships and declining state revenues we have maintained critical safety net services by focusing on our primary work, strengthening the role of technology and streamlining our structure. Those principles carried us through the recent legislative session and continue to guide us through the DHS reorganization. You will read various articles in this "End of Session" news-

letter on FY 11 Budget Items of Interest.

In addition, this is a good time to talk about what's next on the horizon for DHS. We will continue to perform our core services while we do "smart planning" to position the state to implement expanded Medicaid services required in federal health care reform and begin a contemporary effort to reform mental health care delivery in Iowa.

—Charlie Krogmeier



End of Session Summaries: Director's Confirmation

Director Krogmeier was confirmed by the Iowa Senate on February 2nd on a vote of 47-0 with three Senators absent. In her remarks about the Director on the Senate floor, Senator Amanda Ragan (D-Mason City) described Krogmeier as a "man of proven capacity to lead and

demonstrate competence to manage big programs". Furthermore that he has a "heartfelt dedication to those he serves, often the most needy of our fellow Iowans". Confirmation was an important hurdle to clear for the Department in 2010.

DHS Budget Overview: The Big Picture

HF 2526 appropriates \$882.7 million from the General Fund for the Department of Human Services for FY 2011. This is a decrease of \$175.8 million compared to the FY 2010 revised (after 10% ATB cut) appropriation. It is also \$375.5 million below the Governor's recommendation; however this is partially offset by other funding sources including \$188.3 million from the Cash Reserve Fund, \$130 million in increased federal match estimates, and \$7 million from the Under-

ground Storage Tank Fund. DHS began the legislative budget process sustaining and implementing a 10% Across-the-Board reduction ordered in November 2009 by Governor Culver. DHS ended the legislative budget process recouping many of the proposed budget reductions as proposed in the initial legislative targets. It is still unclear, however, the ultimate impact of early retirement critical vacancies and the \$84 million across state agency appropriation

reduction that is still to be applied by the Department of Management, and pursuant to HF 2531 the "Standings" bill, in order to realize the savings in various government efficiency legislation (SF 2088 and SF 2062) and Executive Order 20. (There is a \$5 million authority, also in HF 2531, to transfer funds to offset or backfill items impacted by the \$84 million reduction.)

FY 2012

Can you believe that DHS begins work on the FY 2012 Budget in late May?

A series of concept presentations, offer proposals, results discussions and a public hearing culminate in a September presentation the DHS Council.

The public hearing is currently set for July 14th .

Other Budget Items of Interest

Mental Health Institutions: Prior to the start of the 2010 Legislative Session there was significant debate surrounding the possible closure of one of the four MHI's. Pursuant to a legislative mandate, DHS was required to make a recommendation to close one institution. In mid-December DHS issued their report. Following an analysis of the existing programs, persons served, physical plant costs, expenses and renovation costs for relocation and after review of the

recommendation from the MHI Task Force, Director Krogmeier recommended that if an MHI should be closed the institution most logical for closure and consolidation was the Mt. Pleasant MHI. SF 2088, the Government Reorganization Bill, contained language that served as the platform for further debate on the issue. However, the final version of SF 2088 did not contain any closure or consolidation language. The FY 11 budget sets all four mental health institu-

tions below current year funding. The loss of federal funds, lack of salary adjustment funding and early retirement savings outpaced the influx of General Fund appropriations and one-time fund supplements. This will result in a fewer number of beds available in FY 11. Final calculations are being done at this time on exact numbers of beds affected.

Provider Rates

The FY 11 budget sets provider rates mostly at FY 10 rates which continue the reduction in payments as specified under Executive Order 10. Special Population Nursing Facilities will see their rates restored to

the level in place prior to the Executive Order. Foster and adoptive parents, group care providers and providers of supervised apartment living services received a partial restora-

tion to offset about ¼ of their reduction.

Civil Commitment Unit for Sex Offenders (CCUSO)

The CCUSO unit provides treatment services to civilly committed sex offenders in a secure residential setting with a quality treatment environment. The CCUSO unit does not have the ability to deny court-ordered admissions or discharge individuals or to reduce beds in order to implement budget cuts.

In addition, CCUSO is currently defending a class action lawsuit on the conditions of confinement. These factors made proposed budget cuts to CCUSO nearly impossible to sustain. Legislators understood these concerns and worked to restore cuts suggested in the initial targets. Legislators in-

fused \$1.3 million over initial targets in order to bring CCUSO up to slightly over status quo funding.

Veto of Interest

Governor Culver line item vetoed Section 80 of HF 2526, the HHS Budget. In his veto message, the Governor stated that "*this provision permits unexpended decategorization funding to carry forward for two succeeding fiscal years beyond the current fiscal year. Given the difficult economic times, the additional time to expend these funds is not prudent and should not be allowed. Other than capital expenditures, a two-year carry forward is not commonly allowed in Iowa law. Furthermore, this does not conform to reasonable government accounting practices.*"

Other Budget Items of Interest

Field Operations: The FY 11 budget sets field operations at below status quo levels after equalizing the loss of federal stimulus funds, the addition of federal TANF funds, the slight decrease in General Funds, and the influx of Underground Storage Tank Funds. Field Operations at

DHS deliver many of the front-line services to vulnerable and low-income lowans. Field Operations was hit especially hard under the initial budget targets released by Legislative leaders in mid-February. Legislators gave this line item priority as they worked through the

budget process to restore potential cuts. Nearly \$13 million was restored in this line item through the budget process. Reorganization and early retirements continue to impact this budget line item.

Toledo Juvenile Home & Eldora Training School

The FY budget for the Juvenile Facilities followed a similar legislative path as Field Operations to arrive at FY 11 funding levels. The two juvenile facilities provide highly structured, restrictive environments to assist teenagers who are adjudicated as delinquents or children in need of assistance. The facilities are an integral part of the Child Welfare and Juvenile Justice service delivery system. Initial

budget targets in February would have meant that 7 of the 50 beds serving delinquent and CINA girls and the only 20-bed cottage serving CINA boys would have been eliminated at Toledo. Treatment programs at Eldora would have been eliminated, caseloads would have increased by 15% and accreditation would have been jeopardized. Again Legislators targeted these line items for restorations in funding.

Eldora received \$1.95 M over the additional targeted reductions and Toledo received \$1.84 M over the targeted reductions. These restorations keep the beds open and programming in place. Early retirement vacancies will continue to impact this budget item.

Glenwood & Woodward Resource Centers

The Resource Centers provide a variety of treatment and outreach services to individuals with intellectual disabilities or other developmental disabilities. The facilities assist clients to reach their individual goals and return to their communities. Both facilities operate under Department of Justice

Consent Decrees that mandate certain requirements and standards. In addition, both facilities can access federal revenue. A combination of those factors and delaying building maintenance allowed the Centers to manage budget reductions without a cut to services. It will be critical for the Cen-

ters, which operate 24/7, to backfill critical vacancies that will occur during the early retirement implementation.

Shorter Session Equals More Bills?

As odd as it may be, the Legislature passed more bills in the historically shorter (80 days) 2010 Legislative Session.

There were 196 enrolled bills and joint resolutions this year compared to 184 in 2009 and 196 in 2008. It will be interesting to see if the historically short Session is an anomaly or a trend.

One-time Funds

Various statements have been made about the use of one-time funds in the DHS FY 11 Budget. Regardless of whether one believes this is a good thing or bad it is true. During floor debate Representative Lisa Heddens (D-Ames) made it clear that she had to focus on this year's budget and do the best she could with the options available to her (which included utilizing reversion money and miscellaneous fund balances) to avoid cuts in services. In SFY 11 the Underground Storage Tank Fund will be utilized to the tune of \$7.4 million in DHS needs

that include critical areas such as Field Operations, Juvenile Home Operations, Mental Health Institutions Operations, State Cases, Adoption Subsidies and Children and Family Services. \$1.9 million in "Decat" Reversion Funds will be used to reduce waiting lists for Medicaid services. This will be welcome news to many families across Iowa. And Medicaid is funded through a combination of various funds in addition to the General Fund (\$394 million) including the Cash Reserve Fund (\$187 million), the Nursing Facility Provider Assessment (\$6.4

million) the Hospital Provider Assessment (\$18 million), the ARRA FMAP Extension (\$41 million) and a variety of other funds (\$21 million). Total FY 2011 Medical Assistance Funds are \$669 million. Legislators had to work with the options available to them at the time they crafted the state budget. As Legislators craft the FY 12 Budget during the 2011 Session they will re-examine the use of one time funds and answer the questions posed by this budget strategy.

State Payment Program

Early in the legislative session DHS sought a supplemental in order to avoid disenrollment of over 1,000 adults from the State Payment Program. Funds were insufficient due to a combination of needs and reductions in the line item. This program provides funds for mental health and disability services for adults who have no county of legal

settlement. SF 2151, passed and signed by the Governor early in the Session, authorized transfer of fund balances in the risk pool to cover the shortfall. The rest of the gap in the appropriation was made up with a \$100,163 general fund appropriation in SF 2366. The FY 11 line item in HF 2526, the HHS Budget Bill, provided a general

fund appropriation of \$11.3 million and a one-time \$1 million appropriation of Underground Storage Tank Fund. This funding will provide critical services and allow some of our most vulnerable citizens to live as independently as possible.

Food Assistance Increased

Approximately 7,000-12,000 households or 16,000-26,000 individuals will be able to receive food assistance under new legislation that raises eligibility from 130% to 160% of federal poverty level and eliminates an asset test. Currently 160% of federal poverty level means \$35,280 per year for a family of four. "It is commonly

understood that food assistance is a fundamental building block of social services" said Director Krogmeier. "I am pleased that the Legislature chose to make this change and help more needy Iowans to become eligible and avoid hunger and malnutrition." Reports show that local economies can benefit from increased food assis-

tance benefits. Studies show that for every \$5 spent on food assistance results in \$9.20 for local and state economic activity. The potential challenge of this change in law is the increased caseload for Income Maintenance staff in this time of staff reductions due to budget cuts and early retirements.

Coffees with Charlie

Director Krogmeier implemented a new outreach effort in 2010 to host a weekly morning coffee during Session for small groups who are partners or stakeholders in providing human services across Iowa.

The goal was to strengthen communications with an exchange of information among stakeholders and to learn from the Director about current issues. The coffees and conversation were a huge hit. Dozens of stakeholders added this meeting with the Director to their agenda of meetings at the State Capitol.

Legislators commented on the positive reaction from people in their district and expressed their appreciation to the Director for providing this forum.

Family Planning Waiver Expanded

The Legislature approved expansion of the Family Planning Waiver. Currently individuals are eligible up to age 44 and 200% of federal poverty level. Legislation passed this session expanded eligibility to include women between ages 45-54 and up to 300% federal poverty level. The legislation also extends family planning coverage to men in the same eligibility criteria. The Family Planning Council of Iowa provided data that predicted that the number of women eligible un-

der the expansion would be 25,560. No data was available to estimate the increased coverage to men. Supporters of the legislation said that the expansion is likely to increase prevention and reduce the number of unintended Medicaid pregnancies. The federal government matches state funds at a 90/10% rate for this program.

Summer Youth Program with TANF Emergency Funds

Joint efforts between DHS and Iowa Workforce Development (IWD) resulted in successful passage of legislation to authorize Federal TANF funds for IWD's Summer Youth Program of subsidized employment. Basically the program will serve youth ages 14-21, who are low-

income and have at least one barrier to employment such as homelessness, school drop-out, etc. Youth must be citizens or legal residents. These are typically minimum wage jobs where the youth will work 25-30 hours per week. DHS looks forward to a successful program.

Funding to Repair Storm Damage at Eldora

The Legislature approved and the Governor signed SF 2366 which includes funding to repair the storm damage sustained by Eldora during the hail storm of August 2009. Straight line winds up to 80 mph and hail as large as baseballs struck the campus and Hardin County. Hundreds of windows were

broken, dozens of trees were uprooted, and equipment and roofs were damaged extensively. \$883,628 in funding was approved in SF 2366. DHS is grateful for the funding to make the necessary repairs and bring the campus back to normal.

Studies & Reports

A variety of studies and reports were required under 2010 Legislation. Among the topics were; home and community-based waivers, child welfare emergency services capacity, review of state mental health services and consideration of development of 16-bed facilities, residential care facilities, children's mental health transition from remedial to managed care, review of medical transportation costs for IowaCare, due process in child abuse and dependent adult abuse, and review of home modification requirements under the HCBS waiver. Many of the studies have reports due in December 2010.

DHS Reorganization Authority & Mental Health Commission Redesign

Changes in the Government Reorganization bill, SF 2088, included authorization for the DHS Director to designate service area boundaries. Previously, the boundaries were set by Code as the boundaries established in 2002. The amendment approved by the Legislature allows the Director to respond to changing needs based on funding available, caseload

and span of control issues. This change did not change the statutory requirement that DHS maintain an office in each county. Also included in the omnibus government reorganization bill were provisions to revise the duties of the MH/MR/DD/BI Commission per their request. This legislative change provides for better alignment between duties and

responsibility. This update was the #1 legislative priority of the Commission for 2010. Both proposals had started the year as DHS pre-file bills and were ultimately included in SF 2088.

Early Retirement

The "Early Retirement Bill, SF 2082 first appeared on the Senate Calendar on January 20th, moved briskly through the legislative process and was signed by the Governor on February 10th. On January 21st DHS Director Krogmeier sent a letter to the Department of Management stating general support for the approach while also raising concerns about the ability to fill the critical vacancies created by

the early retirements. At the time the bill was debated, DHS predicted that nearly 600 people were eligible under the legislation and 90% were employed at a facility or in field operations. As of Friday, April 16th, 638 DHS employees had signed up for the early retirement incentive program. DHS remains confident that DOM will work with the Department to ensure that critical positions in the 24/7 facilities

and front-line services will be filled at levels adequate to maintain service delivery, meet licensing and accreditation standards and maintain federal reimbursement. Best wishes to the DHS staff who took advantage of this employee incentive and who now begin their new endeavors.

Child Support Recovery 2010 Legislation

The Child Support Recovery Unit continually strives to streamline processes in order to make the system work for all the entities involved. Their goal is to help collect child support to ensure safe and healthy environments for children and to ensure adequate food for children. SF 2158 was the 2010

DHS proposed legislation to streamline the review and modification of child support orders, correct inconsistent sections related to medical support and conform the current statute to the Supreme Court's revised guidelines in regard to minor (still in high school) payors' filing fees.

Interstate Compact on Juveniles

The Legislature updated Iowa's previous Interstate Compact on Juveniles (ICJ) in HF 2526, the HHS Budget Bill.

The current compact had been in place since 1955. Iowa and other states were notified recently that they needed to update their compacts in order to operate under modernized procedures and frameworks. This new compact will provide a solid legal framework and procedures to regulate the movement across state lines of juveniles who are under court supervision. Approximately 200 youth coming in and out of our State are impacted by the ICJ annually.

Community Mental Health Centers: Chapter 230A Revision Not Enacted

The one pre-file bill proposed by DHS but not enacted was a Chapter 230A revision. The proposal was drafted based on the report entitled "Proposal for Revising Iowa Code Chapter 230A; Community Mental Health Centers" submitted by an Advisory Committee on April 17, 2009. The

report was written in response to a directive from SF 2425 from 2008 calling for an update and revision of Chapter 230A. The Advisory Committee was comprised of thirty individuals and staffed by DHS. The concept was endorsed by the Mental Health Commission as their #2 legislative

priority. However, the proposal in its current form did not have the support of key stakeholders. And in light of the shortened session it was concluded that the legislation needed continued work over the interim for consideration in 2011.

IowaCare Appropriations

There are a variety of line item appropriations in HF 2526 related to the IowaCare Program. IowaCare provides limited health care for low-income uninsured Iowans between the ages of 19 and 64 who are not eligible for Medicaid. This is mostly single adults and childless couples. In 2005 when the program was initially implemented it was estimated that 14,000 people would enroll. As of June 30, 2009, nearly 32,000 people had enrolled. Individuals are able to get inpatient and outpatient hospital care, some dental services, some pre-natal care, yearly physicals and help to quit smoking. There is a monthly premium for enrollees that can be

waived in certain hardship situations. Prior to enactment of the IowaCare expansion passed and signed this Session the provider network was limited to Broadlawns and the University of Iowa Hospitals and Clinics (UHC).

New legislation expands the provider network, in order to expand access for vulnerable Iowans, to include primary care for IowaCare participants at the fourteen Federally Qualified Health Centers (FQHC's) across the state. DHS is conducting planning and a collaborative communications effort to phase-in the new legislation in order to operate within the funding available. The phase-in is being planned now and will

likely start by serving populations in the area of the state currently least served by Broadlawns and UHC which would be the far western portion of the state. The FY 11 HHS Budget provides for \$76.3 million to the University of Iowa Hospital and Clinics; \$51 million to Broadlawns Medical Center; \$12 million to University of Iowa physicians; \$6 million for the expanded regional provider network (FQHC's); and \$2 million for other hospitals across the state that are currently providing uncompensated services for IowaCare enrollees. (Keep in mind that State and local funds match federal funds.)



Iowa Department of Human Services

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The Mission of the Iowa Department of Human Services is to help individuals and families achieve safe, stable, self-sufficient, and healthy lives, thereby contributing to the economic growth of the state. We do this by keeping a customer focus, striving for excellence, sound stewardship of state resources, maximizing the use of federal funding and leveraging opportunities, and by working with our public and private partners to achieve results.

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